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In the Supreme Court

OF THE

United States

OCTOBER TERM, 1962

No. 322

ALEXANDER T. SPERRY,
Petitioner,

vs.

STATE OF FLORIDA, ex rel.,
THE FLORIDA BAR,
Respondent.

PETITIONER'S REPLY BRIEF

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PETITIONER'S REPLY BRIEF

I. PETITIONER IS SEEKING THE RIGHT TO CONTINUE PRACTICING BEFORE THE PATENT OFFICE, AND IS NOT SEEKING TO PRACTICE GENERAL LAW RELATING TO PATENTS IN FLORIDA.

Petitioner is registered to practice before the Patent Office and has been authorized by the Commissioner of Patents to represent applicants in the preparation and prosecution of patent applications before the Patent Office.

It is this practice before the Patent Office which the State of Florida has forbidden to petitioner, as long as he resides in Florida, and the sole question before this Court is whether the State of Florida was correct in so prohibiting petitioner from practicing before the Patent Office.

Respondent's brief improperly enlarges the question presented. Very little reference is made by respondent to the federally granted right of petitioner to represent patent applicants before the Patent Office. Instead, respondent restates the question in its brief as whether it is proper for Congress and the Commissioner of Patents to authorize petitioner "to practice law relating to patents and trademarks in Florida" (Respondent's brief, pages 2 and 3, questions 1-5). Having thus enlarged the question so that there would be an apparent intrusion of federal power on some rights traditionally reserved to the states, respondent concludes that petitioner has no right to do anything in Florida concerning patent applications or patents.

Respondent's position is much too broad, since it tries to include two distinctly different practices in one general class. These two practices can be defined as:

> (1) the representation of patent applicants before the Patent Office in the preparation and prosecution of patent applications,
>
> (2) the advising of clients as to their legal rights and/or liabilities relating to patents, such as: whether patent infringement exists, the status of property rights in patents, tax problems re-

lating to patents, problems involved in license agreements, patent problems involved in employer-employee agreements, etc.

As to the first practice above, the Commissioner of Patents has sole power to determine those persons who may represent patent applicants before the Patent Office. A state cannot in any way authorize any of its citizens to practice before the Patent Office, no matter what standards of the state that citizen might meet. If a state authorized any of its citizens to hold himself out as qualified to practice before the Patent Office without recognition from the Commissioner of Patents, that person would violate the penal provisions of 35 U.S.C. § 33.

A member of the bar of a state *may* qualify for admission and be admitted to practice before the Patent Office, but the right to so practice would not be derived from the fact that he was a member of the state bar, but instead the right would be granted solely because the Commissioner of Patents was satisfied that he was qualified to represent applicants before the Patent Office.

In regard to practice before the Patent Office, respondent states, on page 46 of its brief, that it appears universally the law that "authority to admit to the bar and to disbar necessarily carries with it the power to deprive what constitutes the practice of law and to exclude unauthorized persons therefrom." As a corollary, since the State of Florida does not have the power to admit persons to practice before the

Patent Office or to disbar persons from practice before the Patent Office, then it should follow that they have no power to determine who is unauthorized to so practice.

Furthermore, the decisions of the highest Court of a state as to interpretations of state law are not binding on this Court when federal rights are abridged. In *Greenough v. Tax Assessors of City of Newport*, 331 U.S. 486, 497, 67 S. Ct. 1400, 91 L. Ed. 1621 (1947), this Court stated:

> "State courts construe their statutes according to their understanding of state policy and apply them to such situations as their interpretation of the statutory language requires. In so adjudging, they are the final judicial authority upon the meaning of their state law. It is only in circumstances where their judgments collide with rights secured by the federal Constitution that we have power to protect or enforce the federal rights. * * *"

Petitioner firmly disagrees with the decision of the Court below that his practice before the Patent Office is an unauthorized practice of law in Florida and contends that such a decision squarely collides with his federal right and should not be accepted by this Court.

As to the second practice above, relative to general patent rights or liabilities, these matters are not within the purview of practice before the Patent Office and, traditionally, general lawyers of a state have advised clients as to these matters without any

necessity for being admitted to practice before the Patent Office. As to these matters, the state has traditionally had the right to limit such practice to members of its bar.

Thus there are two separate and distinct phases of practice involving patents. One phase relates to practice before the Patent Office, which practice is restricted to those admitted to practice before the Patent Office, and the other phase concerns practice relating to patents other than before the Patent Office, which practice may be undertaken by general attorneys admitted to practice by the states.

Petitioner seeks only to be allowed to continue the phase of practice before the Patent Office, a practice permitted to him by the Commissioner of Patents and forbidden to general attorneys of Florida. Petitioner does not seek to have this Court declare that he has the right to practice any phase of the law traditionally reserved to general attorneys of any state.

As is thus apparent, this action does not present any question of Federal control of patent practice traditionally reserved to the states. Instead, it is a situation wherein the State of Florida has interfered with the function of a Federal agency in an area where the state has no power.

It may be that in the course of representing patent applicants before the Patent Office some registered patent agents are tempted to and do overstep their rights and advise the applicants as to matters of law outside of Patent Office practice. This, of course, is

improper and will necessitate surveillance of the activities of such persons by the bar associations of the states in which they practice to guard against such unauthorized practice of law.

However, this is not a problem unique to practice before the Patent Office. The same problem exists in the operation of realtors, bankers, certified public accountants and many other professions where members of the public seek advice from professional men. In many instances these men overstep their proper fields and advise their clients as to matters which should be left to attorneys. At such times the bar associations of the states then act to restrict these professional men to the proper scope of their professions. Naturally, this policing against unauthorized practice of law may in some cases be more difficult than in other cases. Even so, the mere difficulty of policing is no reason why these professions should be abolished, or that there be a requirement that the members of such professions should become members of the bar in the state in which they practice their professions. The same should be true here.

II. THE PUBLIC IS PROPERLY PROTECTED AGAINST UNAUTHORIZED PRACTICE BEFORE THE PATENT OFFICE BY THE COMMISSIONER OF PATENTS.

In any case involving the unlicensed practice of law the factor of primary concern is the protection of the public from being ill-advised by incompetent or dishonest lawyers.

In the present situation, the power and duty to protect the public against unlicensed practice is vested in the Commissioner of Patents. By statute and regulations adopted pursuant thereto, the Commissioner has full and comprehensive power to admit persons to practice before the Patent Office and to exclude persons from such practice (35 U.S.C. §§ 31, 32; 37 C.F.R. 1.31, 1.341-1.348).

This power has been considered specifically by this Court in *Kingsland v. Dorsey*, 388 U.S. 318, 319, 70 S. Ct. 123, 94 L. Ed. 123 (1949) as follows:

> "The statute under which the Commissioner acted represents congressional policy in an important field. It relates to the character and conduct of 'persons, agents, or attorneys' who participate in proceedings to obtain patents. We agree with the following statement made by the Patent Office Committee on Enrollment and Disbarment that considered this case: 'By reason of the nature of an application for patent, the relationship of attorneys to the Patent Office requires the highest degree of candor and good faith. In its relation to applicants, the Office * * * must rely upon their integrity and deal with them in a spirit of trust and confidence * * *.' It was the Commissioner, not the courts, that Congress made primarily responsible for protecting the public from the evil consequences that might result if practitioners should betray their high trust."

Respondent's brief advances the premise that it is necessary for them to restrict representation of appli-

cants before the Patent Office to members of the Florida bar in order to protect Florida citizens from being represented by incompetent and dishonest laymen, for otherwise its citizens would be unprotected. However, such a premise completely ignores the fact that Congress has fully provided for such protection. Plainly, respondent's action is an invasion of the power congressionally delegated to the Commissioner of Patents.

Typical of the many citations quoted by respondent in its brief at pages 85-94 as justifying its exclusion of petitioner from practice before the Patent Office is the following language in *State v. Perkins*, 138 Kan. 899, 28 P. 2d 765 (1934):

> "'The ultimate purpose of all regulations of the admission of attorneys is to assure the courts the assistance of advocates of ability, learning and sound character to protect the public from incompetent and dishonest practitioners.'"

This is precisely the same purpose as expressed in the Rules of Practice of the United States Patent Office in Patent Cases, 37 C.F.R. 1.341(c):

> "No person will be admitted to practice and registered unless he . . . shall establish to the satisfaction of the Commissioner that he is of good moral character and of good repute and possessed of the legal and scientific and technical qualifications necessary to enable him to render applicants for patents valuable service, and is otherwise competent to advise and assist them in the presentation and prosecution of their applications before the Patent Office. . . ."

Once admitted to practice before the Patent Office "attorneys and agents appearing before the Patent Office must conform to the standards of ethical and professional conduct generally applicable to attorneys before the courts of the United States," (37 C.F.R. 1.344)

If grounds for discipline exist, an attorney or agent may be suspended, disbarred or excluded from practice before the Patent Office (37 C.F.R. 1.348).

Plainly, respondent's belief that it must act to protect the public against unauthorized practice before the Patent Office because no one else will is not only groundless, it is contrary to fact.

III. CONGRESS HAS FULLY AND COMPREHENSIVELY REGULATED THE ADMISSION, CONDUCT AND SUSPENSION OF PERSONS PRACTICING BEFORE THE PATENT OFFICE.

This point has been argued at length in petitioner's opening brief and will not be repeated here. Respondent now asserts that Congress did not intend to authorize the Commissioner to authorize petitioner to practice in Florida before the Patent Office. Respondent first states that the Congressional legislation and rules pursuant thereto are merely "housekeeping" in character and do not authorize practice before the Patent Office. Secondly, respondent takes the position that practice "before" the Patent Office means within the actual physical presence of the Patent Office. Neither of these positions is sound.

A. The Patent Statute and Rules Adopted Thereunder Are Not Merely of a Housekeeping Character But Are a Comprehensive Plan of Admission to and Exclusion From Practice Before the Patent Office.

The patent statutes and rules exclusively control the admission to practice before the Patent Office. The Commissioner of Patents has sole authority to admit persons to practice or exclude them from practice, his decisions being reviewable under 35 U.S.C. § 32 only by the United States District Court for the District of Columbia.

Since no one else, and particularly a state, may authorize anyone to practice before the Patent Office, it is clear that the Commissioner does not have merely a "housekeeping" control over persons seeking admission to practice before the Patent Office. Instead, the Commissioner has the same control over admission and exclusion as does any state bar association over the admission and exclusion of its membership.

If the states had power to designate who should or who should not practice before the Patent Office, then perhaps it could be said that the Commissioner had a purely housekeeping control over such practitioners. However, the states do not have such control.

Plainly, the Commissioner of Patents has primary —and, indeed, sole—power to authorize persons to practice before the Patent Office.

B. Practice "Before" the Patent Office Does Not Mean "in the Presence" of the Patent Office.

Respondent states that practice "before" the Patent Office means actually within the Patent Office, and

that there is no congressional intent that a person should practice before the Patent Office while residing in a state.

This position appears indefensible. There is nothing in the statutes which limits practice before the Patent Office to the District of Columbia, although Congress must have known that patent practitioners reside throughout the United States. The Patent Office recognizes the fact that patent practitioners reside throughout the United States and the Rules of Practice of the Patent Office specifically provide that

> "all business with the Patent Office should be transacted in writing. The personal attendance of applicants or their attorneys or agents at the Patent Office is unnecessary." (37 C.F.R. 1.2)

Plainly, if a patent practitioner resides in a state and transacts business with the Patent Office in writing through the mails, he is practicing before the Patent Office.

Further, there is no requirement that the Patent Office be located in the District of Columbia. In this connection, we quote from a letter of February 18, 1963, from the Solicitor General to the Clerk of this Court:

> "In the brief of the United States, as *amicus curiae*, in the above-captioned case, we noted, p. 14, n. 6, that 'there is no constitutional requirement that the Patent Office be in the District of Columbia * * *.' Since that time we have been advised, and deem it appropriate to apprise the Court, that the General Services Administration,

on February 14, 1963, submitted to the Public Works Committees of the Congress a prospectus providing for 'the construction of a new Patent Office at an urban location outside the District of Columbia metropolitan area.'"

IV. THE AUTHORIZATION OF THE COMMISSIONER OF PATENTS TO RECOGNIZE AND EXCLUDE PERSONS FROM PRACTICE BEFORE THE PATENT OFFICE IS NOT AN UNCONSTITUTIONAL DELEGATION OF JUDICIAL POWER TO THE COMMISSIONER BY CONGRESS.

Respondent's brief, page 3, urges the view that if the patent statutes and rules are interpreted to allow petitioner to reside in Florida and practice before the Patent Office, then the statutes and rules are an unconstitutional invasion of the province of the judiciary under Article III of the Constitution, since the judiciary alone has the power to admit persons to the bar and to disbar, and to define what constitutes the practice of law and to exclude unauthorized persons therefrom.

This position is manifestly incorrect. The Patent Office is not an Article III Court, and there is no attempt to delegate authority to the Commissioner of Patents to regulate practice before any Article III Court or, indeed, before any other Court.

Instead, the Patent Office is an administrative agency created by Congress, and the Commissioner is empowered to regulate admission before the Patent Office. This is a proper delegation of authority under the decision of this Court in *Goldsmith v. United*

States Board of Tax Appeals, 270 U.S. 117, 70 L. Ed. 494, 46 S. Ct. 215 (1926), relative to the admission of a non-lawyer to practice before the Board of Tax Appeals:

> "The chief issue made between the parties is whether the Board of Tax Appeals has power to adopt rules of practice before it by which it may limit those who appear before it to represent the interest of taxpayers to persons whom the board deem qualified to perform such service and to be of proper character.
>
> * * *
>
> "We think that the character of the work to be done by the board, the quasi judicial nature of its duties, the magnitude of the interests to be affected by its decisions, all require that those who represent the taxpayers in the hearings should be persons whose qualities as lawyers or accountants will secure proper service to their clients and to help the board in the discharge of its important duties. In most of the executive departments in which interest of individuals as claimants or taxpayers are to be passed on by executive officers or boards, authority is exercised to limit those who act for them as attorneys to persons of proper character and qualification to do so. Not infrequently, a statutory provision is made for requiring a list of enrolled attorneys to which a practitioner must be admitted by the executive officer or tribunal. Act July 7, 1884, 23 Stat. 236, 258, c. 334 (Comp. St. § 385); Act July 4, 1884, 23 Stat. 98, 101, c. 181, § 5 (Comp. St. § 684); Act June 10, 1921, 42 Stat. 25, c. 18, § 311 (Comp. St. Ann. Supp. 1923, § 400 4 5 f). In view of these express provisions, it is urged

> that the absence of such authority in case of the Board of Tax Appeals should indicate that it was not intended by Congress to give it the power. *Our view, on the contrary, is that so necessary is the power and so usual is it that the general words by which the board is vested with the authority to prescribe the procedure in accordance with which its business shall be conducted include as part of the procedure rules of practice for the admission of attorneys.* It would be a very curious situation if such power did not exist in the Board of Tax Appeals when in the Treasury Department and the Office of the Commissioner of Internal Revenue there is a list of attorneys enrolled for practice in the very cases which are to be appealed to the board." (Emphasis added.)

Respondent says that state courts can determine who may appear on behalf of others before administrative agencies of the state. This may well be so, since it seems perfectly logical that a state has power to authorize whom it wants to appear before its own bodies. But it is not seen that a state can forbid the appearance of a qualified person before a Federal agency when the state has no power in the first instance to qualify persons to so appear.

V. A STATE HAS NO POWER TO CONTROL OPERATION OF THE UNITED STATES PATENT OFFICE.

As referred to above, a state has power to determine many questions pertaining to patent rights after a patent has issued. Also, a state has the power, prop-

erly used, to prohibit or restrict the use of patented items or to tax income from patents.

However, a state has no power over the operation of the Patent Office. By statute (35 U.S.C. § 141, 35 U.S.C. § 145, 28 U.S.C. § 1542) appeals from the Board of Appeals of the Patent Office may be taken only to the Court of Customs and Patent Appeals or to the United States District Court of the District of Columbia. By statute (35 U.S.C. § 141, 35 U.S.C. § 146, 28 U.S.C. § 1542) appeals from the Board of Interferences of the Patent Office may be taken only to the Court of Customs and Patent Appeals, or to United States District Courts where the venue is proper. By statute (35 U.S.C. § 32) the United States District Court for the District of Columbia is given jurisdiction to review actions of the Commissioner relating to admission or exclusion of persons from practice before the Patent Office.

No jurisdiction has been conferred on any state to review or regulate any operation, action or decision of the Patent Office. In spite of this, respondent intimates (page 80 of its brief) that a state nevertheless can "burden" Federal operations or rights under its police power to some extent. By and large, this may be. However, it is not seen that an exercise of state police power can be justified when it completely destroys federally created rights. Petitioner has a right to practice before the Patent Office, a right granted to him by the Commissioner of Patents and never revoked. Respondent has arbitrarily taken away that right.

The arbitrary nature of respondent's act is well characterized by the fact that it was considered immaterial whether petitioner was qualified to practice before the Patent Office, as is cogently expressed by the Court below at R. 66:

> "In fairness to [petitioner] we make clear that nothing we have said in this opinion is intended to indicate that he is not in fact competent to perform those services he has rendered or that the affairs of any citizen of this state have suffered at his hands."

The arbitrary nature of respondent's act is further characterized by the fact that petitioner was enjoined from practicing before the Patent Office while residing in Florida merely because he is not a member of the Florida bar, *even though membership in the Florida bar does not entitle any member of that bar to do what petitioner was doing.*

Plainly, the arbitrary action of respondent cannot be considered as a reasonable limitation upon petitioner's federally granted rights.

VI. THE POWER OF THE FEDERAL GOVERNMENT AND THE STATES RELATING TO PATENTS CAN BE EQUABLY DETERMINED.

As suggested previously, the division of federal and state power relating to patents is clear.

The Federal government has fully and comprehensively regulated the operation of granting of patents and has empowered the Commissioner of Patents to determine who should represent patent applicants before the Patent Office. The states have no power to authorize anyone to practice before the Patent Office and should be precluded from imposing their own regulations on such practice. On the other hand, general attorneys of the various states have traditionally advised and represented clients in many phases of law relating to patents other than the preparation and prosecution of patent applications before the Patent Office without any need for federal licensing. As to these matters, it is clear that a state may limit the practice thereof to members of its bar and may forbid such practice to laymen.

Thus, as to a patent matter which a general attorney of a state may handle, then a state should have power to declare that the same matter undertaken by a layman constitutes the unauthorized practice of law. As to patent matters which a general attorney may not undertake because of duly authorized federal statutes and rules, then a state should not have power to designate the practice of such matters by a federally licensed practitioner as an unauthorized practice of law in the state.

CONCLUSION

The decision of the Court below should be reversed to permit petitioner to continue in Florida to represent applicants before the Patent Office, a practice for which he has been authorized by the Commissioner of Patents and for which he cannot be authorized by respondent.

Dated, San Francisco, California,
March 6, 1963.

Respectfully submitted,

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